

# Consumer Alert

*Providing consumers with knowledge to make informed decisions*

A Publication of the South Carolina Department of Consumer Affairs

Philip S. Porter, Administrator/Consumer Advocate

## In This Issue:

**Need A Loan? Think Twice About Using Your Home As Collateral.....1**  
**Consumer Crusader.....1**  
**Life Smarts.....2**  
**Consumer Services Totals.....2**  
**Looking for a Great Long Distance Deal.....2**

## Consumer Crusader Says:



*To get information on predatory lending and other credit related issues contact the Department at 1(800) 922-1594 (Toll Free in S.C) or (803) 734-4200 P.O. Box 5757 Columbia, SC 29250 [www.state.sc.us/consumer](http://www.state.sc.us/consumer)*

### Consumer Alert:

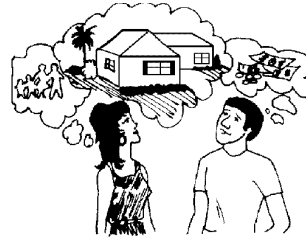
*A Publication of The South Carolina Department of Consumer Affairs – Public Information and Education  
 Brandolyn Thomas Pinkston  
 Deputy, Public Information and Education  
 Sherry Gore King  
 Education Coordinator  
 Anna Albers  
 Information Resource Consultant*

## Need a Loan? Think Twice About Using Your Home as Collateral

State Consumer Advocate, Phil Porter suggests that if you need money to pay bills or make home improvements, and think refinancing, a second mortgage, or a home equity loan is the answer - consider your options carefully. If you can't make the required payments, **you could lose your home** as well as the equity you've built up. Don't let anyone talk you into using your home to borrow money **you don't really need.**

**Not all loans or lenders are created equal. Some unscrupulous lenders target elderly and low-income homeowners and those who have spotty credit but lots of equity.** These lenders may offer loans based on the equity in your home, not on your ability to repay the loan. High interest rates and credit costs can make borrowing money using your home very expensive.

**You should consult with your attorney, financial advisor, or someone else you trust before making any loan decisions.** Non-profit credit and housing counseling services can also be useful in helping you manage your credit and make decisions about loans.



### AVOID ANY LENDER WHO:

- **Requires you to or asks you to falsify information on the loan application.** For example, the lender tells you to say that your loan is primarily for business purposes when it's not.
- **Pressures you into applying for a loan or applying for more money than you need.**
- **Pressures you into accepting monthly payments you can't afford, with promises that the loan will be refinanced later.**
- **Fails to provide required loan disclosures, tells you not to read them, or tells you to disregard them.**
- **Misrepresents the kind of credit you're getting.** For example, calling a one-time loan a line of credit.
- **Promises one set of terms when you apply, and gives you another set of terms to sign --with no legitimate explanation for the change.**
- **Tells you to sign blank forms - the lender says they'll fill them in later. Says you can't have copies of documents that you've signed.**

Resources used: FTC/AARP



### DARLINGTON SCHOOL WINS STATE COMPETITION

State Consumer Advocate, Philip S. Porter has announced that a team from **Trinity Collegiate School in Darlington** earned a place in "LifeSmarts...the Ultimate Consumer Challenge" regional finals, by defeating competitors from Dillon High and Marlboro 4-H, in a contest held on March 1, 2002 at Lutheran Southern Seminary in Columbia. With the state match behind them, the Trinity team, armed with their "smart consumer" knowledge and skills, will advance to the regional finals—and the nationals—in **Arlington Virginia, April 13-16, 2002.**

Designed to educate students about real-life consumer and marketplace issues in a fun, game show format, "LifeSmarts" tests high school teens' knowledge of marketplace information on health, safety, environment, personal finances, technology and consumer law.

LifeSmarts is sponsored by the **S.C. Department of Consumer Affairs, the National Consumers League**, along with local partners, including government agencies, business and nonprofit organizations. For more information contact **Sherry G. King** at 800.922.1594 (toll free in South Carolina). Email: [king@dca.state.sc.us](mailto:king@dca.state.sc.us)

#### CONSUMER SERVICES DIVISION March 2002

##### HIGHEST CATEGORIES OF COMPLAINTS

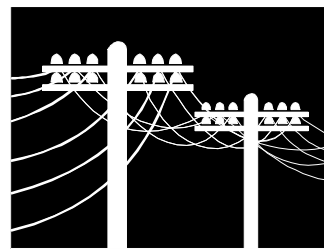
No.	Category	YTD
73	Financial Institutions	646
67	Vehicles	711
48	Credit Grantors	489
28	Contractors/Builders	243
27	Utilities	314
21	Internet	233

##### AMOUNTS RECOVERED FOR CONSUMERS

\$ 25,609.00	Business refunded purchase price of merchandise ordered
9,570.00	Sold home for less than amount owed/USDA waived balance
5,363.00	Debt collector stopped collection efforts/Canceled debt
5,000.00	Delay in processing returned products/Full refund made
3,598.00	Unhappy with Earn Extra Money Seminar/Contract cancelled
3,200.00	Siding stained during roof repairs/Settlement accepted
3,137.00	Multiple repair problems/Used car returned/Refund made

**Total amount Recovered: \$92,715.89**

**Year to Date: \$663,211.53**



### LOOKING FOR A GREAT LONG-DISTANCE DEAL?

Think you've found the cheapest rates, but still confused by all the ads? Here's how to sort out what's clearly in ads and what's not.

#### LOOK FOR ALL THE INFORMATION RELATED TO PRICE

**Monthly Fees:** When an ad promises 10 cents a minute, look for any monthly fees or surcharges you'll have to pay to get that rate.

**Minimum Charges:** Look for minimum charges for each call. If every call has a 50-cent minimum, even a two-minute call can cost you 50 cents. On "up to 20 minutes for a dollar" plans, a one-minute call or a message you leave on an answering machine is a dollar.

**Climbing Rates:** An ad may say that all calls up to 20 minutes are a dollar. Look for information on what happens to the rate structure after 20 minutes. Rates may increase dramatically.

#### LOOK FOR ALL INFORMATION RELATED TO RESTRICTIONS ON THE ADVERTISED RATES

**Time Restrictions:** Is the advertised rate available when you want it? Some rates may apply only at certain times of the day or only on certain days of the week. What are the rates at the other times?

**Geographic Restrictions:** Is the advertised rate available on all long distance calls - those that you make to someone in another state as well as those that you make to someone in another city in your own state? Some plans do not include long distance calls in the same state. Find out what those rates are and factor them in when you make your decision.

**Promotional Restrictions:** Are the advertised rates constant or an introductory offer that's good for a limited time - like the first 60 days of your subscription? If so, what are the rates once the promotion is over?

#### DECODE COMPARATIVE CLAIMS

**Basic Rates:** An ad promising "50 percent off the basic rate" isn't a good deal because the "basic" rate is another term for the highest rate available.

**Comparable Services:** When ads compare calling rates, are the services comparable? Is the information on both sides of the comparison as current as possible?

#### LOOK FOR THE FINE PRINT. READ IT.

**Advance Work:** Offers and restrictions vary. Each long distance provider has their own deals. Read the details from all the companies you are considering before you sign up. If you have questions, call the company for an explanation.

#### FINALLY, LOOK AT YOUR MONTHLY BILLS CAREFULLY

Pay attention to your bill, checking to make sure you are being charged exactly what you expected. If you think there's a mistake, or if you just don't understand your bill, call your provider for an explanation.